

TOWN OF FAIRMONT, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

TOWN OF FAIRMONT, OKLAHOMA
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YEAR ENDED JUNE 30, 2014

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Independent Auditor's Report

The Board of Trustees
Town of Fairmont, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fairmont, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such an opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Fairmont, Oklahoma as of June 30, 2014, and the changes in its financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplemental Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, which includes the schedule of expenditures of federal and state awards, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2015 on our consideration of Town of Fairmont, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Fairmont, Oklahoma's internal control over financial reporting and compliance.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
June 1, 2015

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Town of Fairmont, Oklahoma

We have audited the financial statements of the Town of Fairmont, Oklahoma as of and for the year ended June 30, 2014, and have issued our report thereon dated June 1, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements were prepared on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Fairmont, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fairmont, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fairmont, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

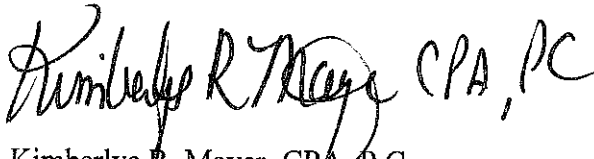
As part of obtaining reasonable assurance about whether Town of Fairmont, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The Town of Fairmont, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Fairmont, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kimberley R. Mayer CPA, PC". The signature is written in a cursive, flowing style.

Kimberlye R. Mayer, CPA, P.C.

Blackwell, Oklahoma

June 1, 2015

TOWN OF FAIRMONT, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014

Material Weakness Communicated In Prior Year:

Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:

Criteria:

The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition:

Presently, the same individual is responsible for water service billings and receiving payments; making and recording deposits; and maintaining billing registers. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause:

The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect:

Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the water billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation:

The trustees should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Board's Response:

The trustees has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FAIRMONT, OKLAHOMA
STATEMENT OF NET POSITION
CASH BASIS
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 69,167	\$ 14,785	\$ 83,952
Total Assets	<u>69,167</u>	<u>14,785</u>	<u>83,952</u>
Net Position:			
Unrestricted	69,167	14,785	83,952
Total Net Position	<u>\$ 69,167</u>	<u>\$ 14,785</u>	<u>\$ 83,952</u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF FAIRMONT, OKLAHOMA
STATEMENT OF ACTIVITIES
CASH BASIS
YEAR ENDED JUNE 30, 2014

Function/Program	Program Revenue			Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General Government						
Public Safety	\$ 26,091	\$	\$ 5,474	\$ 3,836	\$ (22,255)	\$ (22,255)
Total government activities	<u>6,593</u>		<u>5,474</u>	<u>3,836</u>	<u>(1,119)</u>	<u>(1,119)</u>
	<u>32,684</u>				<u>(23,374)</u>	<u>(23,374)</u>
Business-type activities:						
Water	20,217	24,170				
Sewer	8,292	12,197			3,953	3,953
Sanitation	10,486	12,963			3,905	3,905
Total business-type activities	<u>38,995</u>	<u>49,330</u>			<u>2,477</u>	<u>2,477</u>
					<u>10,335</u>	<u>10,335</u>
Total government	<u>\$ 71,679</u>	<u>\$ 49,330</u>	<u>\$ 5,474</u>	<u>\$ 3,836</u>	<u>\$ (23,374)</u>	<u>\$ (13,039)</u>
General Revenues:						
Taxes:						
Sales taxes					15,066	15,066
Franchise taxes					3,774	3,774
Gas and vehicle taxes					1,539	1,539
Other taxes					3,609	3,609
Investment income					42	42
Miscellaneous					1,021	5,945
Total general revenues					<u>25,051</u>	<u>29,975</u>
Excess (deficiency) of revenues over expenses					1,677	16,936
Other Financing Sources (Uses):						
Loan proceeds						
Water project expenses					(6,154)	128,000
Transfers in (out)						(140,850)
Total other financing sources (uses)					<u>(6,154)</u>	<u>(12,850)</u>
Change in net assets						
Net assets - beginning of year					(4,477)	4,086
Net assets - end of year					<u>73,644</u>	<u>79,866</u>
					<u>\$ 69,167</u>	<u>\$ 83,952</u>

The accompanying report and notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF FAIRMONT, OKLAHOMA
BALANCE SHEET
CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 69,167
Total Assets	<u>69,167</u>
 Fund balances:	
Nonspendable	
Restricted	
Committed	
Assigned	
Unassigned	69,167
Total Fund Balances	<u><u>\$ 69,167</u></u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF FAIRMONT, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General Fund
REVENUES:	
Taxes	\$ 23,988
Investment income	42
Donations and grants	9,310
Miscellaneous	1,021
Total Revenues	<u>34,361</u>
EXPENDITURES:	
General Government	23,250
Fire Department	6,593
Street Department	2,841
Total Expenditures	<u>32,684</u>
Excess (deficiencies) of revenues over expenditures	1,677
OTHER FINANCING SOURCES (USES):	
Transfers in (out)	
Water project expenses	<u>(6,154)</u>
Total other financing sources (uses)	<u>(6,154)</u>
Net changes in fund balances	(4,477)
Fund balances, beginning of year	<u>73,644</u>
Fund balances, end of year	<u>\$ 69,167</u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF FAIRMONT, OKLAHOMA
STATEMENT OF NET POSITION
CASH BASIS
PROPRIETARY FUND
JUNE 30, 2014

	<u>Public Works Authority Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 14,785
Total Current Assets	<u>14,785</u>
 Net Position:	
Unrestricted	<u>14,785</u>
Total Net Position	<u><u>\$ 14,785</u></u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF FAIRMONT, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - CASH BASIS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Public Works Authority <u>Enterprise Fund</u>
Operating Revenues:	
Charges for services:	
Water	\$ 24,170
Sewer	12,197
Sanitation	12,963
Other income	4,924
Total Operating Revenues	<u>54,254</u>
Operating Expenses:	
Water Department	20,217
Sewer Department	8,292
Sanitation Department	10,486
Total Operating Costs	<u>38,995</u>
Operating income (loss)	15,259
Non-Operating Revenues (Expenses)	
Loan proceeds	128,000
Water project expenses	(134,696)
Grants	
Total Non-Operating Revenues (Expenses)	<u>(6,696)</u>
Changes in Net Position	8,563
Transfers in	
Net Position, beginning of year	<u>6,222</u>
Net Position, end of year	<u><u>\$ 14,785</u></u>

The accompanying report and notes are an integral part of these financial statements.

TOWN OF FAIRMONT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity

The Town of Fairmont, Oklahoma (Town) operates under the Town Board of Trustees form of government. The Town's financial reporting entity is composed of the following:

Primary Government: Town of Fairmont, Oklahoma
Blended Component Unit: Town of Fairmont, Public Works Authority

Blended Component Unit

The Fairmont Public Works Authority (FPWA), an entity legally separate from the Town but having the Town as its beneficiary, is governed by the same board of trustees as governs the Town. For financial reporting purposes, the FPWA is reported as if it were part of the Town's operations because its primary purpose is to finance and provide water, sewer, and trash services to the citizens of the Town.

Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds for that category or type; and

TOWN OF FAIRMONT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprises fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Funds

The enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Public Works Authority Fund. This fund is used to account for the activities in providing water, sewer, and sanitation services to the public.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using the cash basis of accounting. This basis recognizes assets, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budget Policy and Practice

An annual budget is submitted to the Town Trustees for review, and public hearings are held to address the budget. Once the budget is approved, the Town Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

TOWN OF FAIRMONT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenues are budgeted by source, and expenditures are budgeted by department and class as follows: personal services, maintenance and operations, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions are subject to final review by the Town Trustees.

The budget for the operating funds is prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders is expected to be paid. The actual financial statements are reported on the cash basis.

Budget and Budgetary Accounting

The Town adopts annual budgets for the general and proprietary funds.

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and deposits with a maturity of three months or less.

NOTE 2 – PROPERTY AND EQUIPMENT:

Capital assets arising from cash transactions are accounted for as capital outlay expenditures in the governmental funds and the proprietary fund operations upon acquisition.

NOTE 3 – CASH AND DEPOSITS:

The State of Oklahoma allows municipalities to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts of savings certificates; or county, municipal or school district direct debt.

Cash and deposits are categorized for level of risk as follows:

- Category 1 – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- Category 3 – Uncollateralized

TOWN OF FAIRMONT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 3 - CASH AND DEPOSITS (continued):

Cash and deposits, categorized by level of risk, at June 30, 2014 are:

	Bank Balance	Category			Carrying Amount
		1	2	3	
Bank accounts	<u>\$ 88,267</u>	<u>\$ 88,267</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,952</u>

NOTE 4 – EQUITY CLASSIFICATION:

Net position in government-wide and proprietary fund financial statements are classified as restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balances can be spent. The governmental fund types classify fund balances as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance: This classification includes revenue sources that are restricted to specific purposes internally imposed by creditors, grantors, or imposed by law.

Committed fund balance: This classification includes the portion of fund balance that can only be used for specific purposes imposed by a majority vote of the Town's trustees.

Assigned fund balance: This classification includes a portion of fund balance that has been budgeted by the board of trustees.

Unassigned fund balance: This classification includes a portion of fund balance that has not been restricted, committed or assigned for a specific purpose.

NOTE 5 - FAIR VALUE OF FINANCIAL STATEMENTS:

The Town's financial instruments include cash and cash equivalents. The Town's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement on net position. The carrying amount of these financial statements approximates fair value because of the short maturity of these instruments.

TOWN OF FAIRMONT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 6 - CAPITAL PROJECTS AND FINANCING:

The Town is making improvements to the water and sewer system. The Town has been approved for: DWSRF loan through the Oklahoma Water Resources Board in the amount of \$912,000; a line of credit of \$76,000; a CDBG grant of \$268,000 and a REAP grant of \$45,166 to help fund these improvements. The following is a schedule of the activity during fiscal year ended June 30, 2014.

	<u>DWSRF LOAN</u>	<u>LINE OF CREDIT</u>	<u>CDBG</u>	<u>REAP</u>
Grant/loan proceeds	\$ 52,000	\$ 76,000	\$	\$

As of June 30, 2014, the Town had spent \$134,696 on capital improvements. At the date of this report the Town had received \$55,269 from the CDBG grant, \$911,000 from the DWSRF loan proceeds, and \$45,166 from the REAP grant. The line of credit was paid off in September 2014.

NOTE 7 – PENSION PLANS:

All firemen of the Town of Fairmont participate in the Oklahoma Firefighters Pension and retirement System, a multiple public employee retirement system. All firemen of the Town of Fairmont are eligible to participate in the System. For the year ended June 30, 2014, the Town of Fairmont contributed \$540 to this retirement plan.

NOTE 8 – RISK MANAGEMENT:

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was no claims activity for the year just ended.

NOTE 9 - CONTINGENCIES:

As of June 30, 2014, the Town did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

TOWN OF FAIRMONT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS:

The Town has evaluated subsequent events through June 1, 2015, the date which the financial statements were available to be issued.

NOTE 10 – COMMITMENTS:

EPA Consent Order

On December 20, 2004 the Town entered into a Consent Order with the Water Quality Division of the Department of Environmental Quality. In the Consent Order the Town agreed to perform certain tasks according to a specified schedule to eliminate effluent permit violations from the Town's wastewater treatment facility to bring it into compliance with Oklahoma statutes and regulations. The Town did not comply with the requirements of the Consent Order and was assessed a penalty of \$12,500: \$10,000 will be deferred pending full compliance with the terms and conditions of the Consent Order and \$2,500 is to be paid in cash. The Town agreed to pursue all possible funding options for the projects required to bring its wastewater treatment system into compliance with federal and state regulations.

On February 12, 2015 the Town entered into a Consent Order with the Water Quality Division of the Department of Environmental Quality. This Consent Order supersedes the previous Consent Order. In the Consent Order the Town agreed to perform certain tasks according to a specified schedule to eliminate effluent permit violations from the Town's wastewater treatment facility to bring it into compliance with Oklahoma statutes and regulations. The Town did not timely comply with the requirements of the Consent Order and was assessed a penalty of \$10,000 which was deferred pending full compliance with the terms and conditions of the Consent Order. The Town has received funding and is in the process of bringing its wastewater treatment system into compliance with federal and state regulations.

SUPPLEMENTAL INFORMATION

TOWN OF FAIRMONT, OKLAHOMA
SCHEDULE OF FEDERAL AND STATE FINANCIAL AWARDS
YEAR ENDED JUNE 30, 2014

<u>Program Title/Source</u>	<u>Grant/ Contract Amount</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements or Expenses Recognized</u>
<u>Federal Financial Awards:</u>					
Passed through OWRB:					
ARRA Environmental Protection					
Agency: Safe Drinking Water					
State Revolving Fund Loan \$ 912,000			66.468	\$ 52,000	\$ 52,000
Community Development Block					
Grant \$ 268,000		15951 CDBG 14	14.228		
Total Federal Awards				<u>\$ 52,000</u>	<u>\$ 52,000</u>
<u>State Financial Awards:</u>					
Department of Agriculture:					
Fire department \$ 4,474				\$ 4,474	\$ 4,474
Department of Commerce:					
REAP Grant \$ 45,166		GA 14-15		\$	\$
REAP Grant 3,836		GA 12-13		<u>3,836</u>	<u>3,836</u>
Total State Awards				<u>\$ 8,310</u>	<u>\$ 8,310</u>